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REPORT

OF THE

Indian Tariff Board

ON

STEEL RAILS

(including the evidence recorded during the enquiry)

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CALCUTTA: GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH
1931

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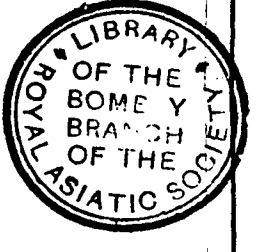

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Report.

Report on Steel Rails.

The subject under enquiry was referred to the Indian Tariff Board under the Government of India, Commerce Department, Resolution No. 260-T. (124), dated the 1st December, 1930, which runs as follows:—

Terms of Reference.

"Following the recommendation made by the Tariff Board in their Report of 1926 on the Continuance of Protection to the Steel Industry that the Railway Administrations should arrange to purchase the whole of their requirements of rails in India, so far as they can be produced in the country, a contract was made with the Tata Iron and Steel Company, Limited, under which the Government of India agreed, subject to certain conditions specified in the contract, to purchase rails from the Company at the rate of Rs. 110 per ton for a period of seven years beginning on the 1st April, 1927. In September, 1930, the Government of India agreed on certain conditions to an extra payment of Rs. 20 on each ton of rails ordered from the Tata Iron and Steel Company under the contract mentioned above for the year 1930-31. This additional payment was made as an act of grace on the ground that the annual quantity of rails taken by Government had on the average fallen considerably below the estimate upon which the scheme of protection to the iron and steel industry formulated by the Tariff Board in 1926 and embodied in the Steel Protection Act of 1927 was based, regard being had in particular to the views expressed by the Tariff Board in paragraph 109 of their Report. In view of this curtailment in their orders for rails since the contract was made and of the probability that the quantity of rails to be ordered during the remaining years of the contract will continue to fall considerably short of the original estimate, the Government of India are prepared to consider whether until the period covered by the contract terminates an additional payment per ton of rails should not be made to the Iron and Steel Company, and they have decided to refer the matter to the Tariff Board for enquiry and report.

2. The Tariff Board are accordingly directed to report after such enquiry as they may consider necessary whether in all the circumstances of the case an additional payment should be made to the Tata Iron and Steel Company in respect of the orders for rails placed under the

contract in future and if such additional payment is recommended, how the amount should be determined. Since the contract was made, orders have also been placed with the Company for 115 lb. rails which are not covered by the terms of the original contract and the Tariff Board should also consider what additional payment (if any) should be made in respect of them. The Government of India do not anticipate that it will be necessary for the Tariff Board to take evidence except from the Tata Iron and Steel Company and the Railway Board. They hope that the Tariff Board may find it possible to submit their recommendations by the 7th January, 1931."

Scope of Enquiry.

2. There are thus three points referred to the Board, *viz.*:—

(*a*) Whether an additional payment should be made to the Tata Iron and Steel Company in respect of orders for rails placed under the contract in future.

(*b*) If so, how the amount should be determined.

(*c*) What additional payment (if any) should be made in respect of 115 lb. rails.

The enquiry is confined to the question of the price of rails and the ground on which we have been asked to consider an addition to the price is the curtailment of orders in the current year and the probability of further curtailment during the remaining period of the contract. There is therefore no question of the imposition of additional duties under Section 2 of the Steel Protection Act III of 1927 far less of a general revision of the protective scheme on the ground of changed conditions. We would not be justified therefore in considering the effect of the decrease in orders for rails on the costs of other steel articles produced, save in so far as this is necessary to enable us to ascertain the expenditure which may properly be allocated to the price of rails.

Should there be any addition to the price of rails?

3. A reduction in the output of steel operates in two ways. A fall in the total tonnage over which the overhead charges and profit have to be spread raises the incidence of such charges. So far as works costs are concerned, a reduction of output increases the incidence per ton of steel, since the same fixed charges for supervision, office establishment and the like must be spread over a smaller tonnage, while the reduction in the aggregate labour costs is not proportional to the decline in output. In our Steel Report of 1926 we framed a fair selling price of Rs. 110 per ton for rails f.o.r. Jamshedpur on the assumption that orders would approximate 200,000 tons annually. Present orders are about 88,000 tons and there appears no probability of any substantial increase. It is clear therefore that the incidence per ton of rails both of the works cost and of the overhead charges including

profit will rise. In these circumstances the claim to an additional price for rails is justified.

Method of determination.

4. We now have to consider the method by which the additional price should be determined. The reduction in the output of rails affects not only the cost at which rails can be produced but also the cost of all other products. For it is impossible with the present lay-out of the works to make good the deficiency in the output of rails by an increase in the production of other forms of finished steel. In consequence the cost of manufacturing steel ingots is increased and with it the works cost of all other finished products. It has been suggested that the additional cost of producing all forms of finished steel together with the whole of the increase in the incidence of overhead charges should be taken into account in determining the additional price to be paid for rails. This is a proposal which we cannot accept. For in effect it implies a complete revision of the scheme of protection in which the whole burden of the additional assistance required is imposed on one class of consumer, namely, the Railway Companies. Clearly any such method would be inequitable. This will be at once apparent if we consider the statement put forward by the Company namely that the additional expenditure resulting from the diminution in rail orders amounts to Rs. 67 lakhs. Taking the annual orders likely to be placed at 90,000 tons, this would mean an addition to the price of rails of Rs. 74 per ton, making the total price Rs. 184 per ton. The figure has only to be stated to render evident the impossibility of accepting any such proposal. Since our terms of reference do not contemplate a complete revision of the protective duties it appears to us that our task is to determine what share of the increased expenditure per ton of steel, resulting from the decline in the tonnage of rails ordered, can reasonably be charged against the price of rails. We believe that this can best be determined by attempting to estimate as far as possible what fair selling price for rails would have been proposed in the original scheme of protection if the reduction in the orders for rails could have been foreseen. Following this method, we propose to indicate as far as possible what addition to the price for rails would be reasonable during the period of protection. Any investigation on these lines is bound to be largely hypothetical and must necessarily exclude various factors which would be considered relevant on ordinary protective grounds. No finality whatever can therefore be claimed for the conclusions arrived at, which must be regarded as affording a tentative basis for assisting the industry at a time of grave difficulty and not in any sense as a considered scheme of additional protection. The interdependence of the duties on the several classes of steel products on which we laid emphasis in paragraph 166 of our Steel Report of 1926 is one of the governing factors in the protection of the Steel Industry. We desire to make it plain that its exclusion from the investigations on which our present proposals are based is due to the summary character of the enquiry

and the strictly limited scope of our terms of reference and must not be taken as indicating any variation in the views of the Board from those set forth in paragraph 166 of the 1926 Report.

Rail orders.

5. We understand that the extent of the orders for rails by the Indian Railways depends very largely on the financial programme of the Government of India. With a restriction in the funds available for the construction of new lines, orders for steel rails must also decline, while in addition the economy or postponement of expenditure unavoidable in times of financial depression imposes further limits on the extent of such orders. We were informed by the Railway Board that it was not their intention to make any representation in this enquiry and to a subsequent letter from the Tariff Board, requesting that some approximate indication may be given of the extent to which orders for steel rails may be placed during the next three years, no reply has as yet been received.* It is uncertain when conditions will so change that orders for steel rails will reach the normal level. In the current year orders have been placed with the Tata Iron and Steel Company for 88,000 tons of rails, and our information is that in the year 1931-32 not more than 90,000 tons will be required. In the absence of more definite information we propose to take 90,000 tons as an approximate estimate of the average annual orders likely to be placed during the four years 1931-34. If this forecast is accepted, the orders for rails during the 7 years of the protective period would be as follows:—

	Tons.	
1927-28	183,000	Actuals.
1928-29	131,000	
1929-30	121,000	
1930-31	90,000	Estimate of average.
1931-32	90,000	
1932-33	90,000	
1933-34	90,000	
	795,000	

Average per annum 113,000.

In estimating the costs on which the scheme of protection including the price of rails was based, the Board assumed an output of 195,000 tons of rails. The average output as now estimated, falls short of this figure by 82,000 tons. The average annual output of finished steel assumed during the protective period (paragraph 72 of the Report) was 500,000. In view of the reduction in rail orders, this figure requiries revision and will now stand at 500,000—82,000=418,000 tons. A reduction in the orders for rails would involve a corresponding reduction in the orders for fishplates. To

* Since this report was written a reply has been received from the Railway Board in which it is stated that the estimate for rail requirements for 1931-32 is 79,550 tons, but that no estimate can be given for the years 1932-33 and 1933-34.

the extent that the demand for rails is curtailed by the stoppage of construction programmes, a reduction in the possible orders for steel sleepers should also be presumed. The Board estimated an average output of 22,000 tons of fishplates and steel sleepers during the period of protection. If allowance is made for a reduction in this figure, we shall be hardly justified in taking more than 410,000 tons as the average production of finished steel for the purpose of this enquiry.

Overhead and profit.

6. It is first necessary to consider the incidence of overhead charges and profit on this reduced output. In paragraph 71 of our previous report we assessed the overhead charges and profit of the Steel Company at Rs. 194·4 lakhs per annum. This represents the net figure after deducting Rs. 9 lakhs chargeable on surplus pig iron estimated at 60,000 tons per annum. If the average steel output is now reduced by 90,000 tons, it is possible that there would be a corresponding increase in the surplus pig iron. Taking $1\frac{1}{4}$ tons of pig iron to a ton of finished steel, this surplus will amount to over 100,000 tons. We have serious doubts, however, whether this large additional amount could be disposed of. The American market is difficult while the Japanese demand has shrunk to about one quarter of its former figure. There remains the European market. But owing to the present depression prices there are falling while the cost of freight renders sales in Europe even in normal times comparatively unprofitable. It appears to us extremely doubtful whether an additional 100,000 tons of pig iron could be sold and still more doubtful whether the average profit of Rs. 15 per ton estimated by us (paragraph 70 of the report) will be realized. It appears to us impossible to attempt to arrive at any exact conclusion on a point of this nature without a far more detailed examination than is possible in a limited enquiry such as that on which we are at present engaged. But we consider that it would be unsafe to make any deduction from the amount allowed for overhead and profit on account of the possibility of increased sale of pig iron. Having regard to the scope of the present enquiry we think it better to retain the allocation of overheads and profit to pig iron proposed in our report of 1926 and accept the figure of Rs. 194·4 lakhs as representing the overhead charges and profit to be divided over the decreased production of finished steel. For the purpose of estimating the increase in overhead charges and profit, it appears to us that tin bar should be excluded from the output. This is a semi-finished product and could not be expected to bear higher overhead charges than those already allocated to it. Further, the whole output has been sold forward to the Tinplate Company of India for a period of 10 years and for this reason it was excluded from the scheme of protection (paragraph 92 of the report). If then a different scale of duties on steel becomes necessary on account of the reduced orders for rails, it appears to us reasonable in allocating the amount of overhead charges and profit over the decreased production to exclude tin bar. The overhead and

profit allocated to tin bar in 1926 was Rs. 24 per ton, which on an output of 50,000 tons would give a sum of Rs. 12,00,000. Reducing the overhead and profit (Rs. 194·4 lakhs) by this amount we obtain a total of Rs. 182·4 lakhs. Dividing this over the total average production less that of tin bar (410,000 tons *minus* 50,000 tons or 360,000 tons) we obtain an incidence of Rs. 50·66. The average incidence of overhead charges and profit per ton of finished steel as taken in our Steel Report of 1926 was Rs. 38·87 while the incidence per ton of rails was fixed at Rs. 39. With an average incidence of Rs. 50·66 per ton of finished steel we think that the incidence per ton of rail may be taken approximately as Rs. 51. This exceeds the figure taken in 1926 by Rs. 12.

Works costs.

7. It is now necessary to consider the increase in works costs resulting from the decrease in production of steel rails. In November, 1930, 10,945 tons were rolled on the new rail mills of which 2,500 tons were structurals. The total rails rolled, therefore, were 8,445 tons, or at the rate of rather over 100,000 tons per annum. The average cost worked out at Rs. 76·39 per ton divided as follows:—

Rails	74·17
Beams	84·86
Channels	82·40

In January, 1928, 17,637 tons of rails were rolled on the new rail mill at the rate of about 200,000 tons per annum, no structurals being rolled. The average cost worked out at Rs. 68·68 per ton. The difference between these costs for rails, *viz.*, Rs. 74·17 in November and Rs. 68·68 in January give some indication of the increase in costs resulting from the reduction in the annual rail orders from about 200,000 tons to somewhat over 100,000 tons on an average over the seven years period. We think, however, the figure thus obtained is too low. Since 1928 a third Converter and Tilting Furnace have been added to the Duplex plant, permitting of more continuous working and greater output. In January, 1928, the cost of ingots from the Duplex plant was Rs. 42 per ton, the cost of pig iron being approximately at the same level as in November, 1930. In March, 1928, the figure had dropped to just under Rs. 40; of the improvement half was in metal costs and half in conversion costs. Had the additions to the Duplex plant which came into operation in 1929 been in working order in January, 1928, the ingot cost in that month would have been not higher than Rs. 40 per ton and possibly below this figure. We believe, therefore, that in present conditions if the production of rails was maintained at about 200,000 tons, the figure of rail costs would be considerably lower than that for January, 1928. The Tata Iron and Steel Company have given us two estimates, one for the production of 7,138 tons of rails framed on the basis of the costs for January, 1928 and the other for the cost of rolling 19,000 tons of rails and structurals on the basis of the actual cost for rolling 10,945 tons of rails and structurals in November, 1930. In the

former case the difference between the estimate and the actual is Rs. 11 per ton and in the latter Rs. 6 per ton. No exactitude is claimed for these estimates; it is obvious that however great the care taken in their preparation, a considerable margin of error must exist, particularly in relation to the effect on costs of the efficiency of labour at any given time. On the whole it appears to us that a figure of Rs. 8 per ton represents a fair estimate of the difference in the works costs during a seven year period resulting from the decline in orders for rails.

8. We have previously found that the increase in overhead charges and profit which may properly be allocated to rails is Rs. 12. On these calculations, therefore, Rs. 20 represents the increase per ton which might be made to the price of rails on account of the diminution of orders. We consider, therefore, that the Government grant of Rs. 20 per ton over the price fixed in the Company's contract with the Railway Board is in no way excessive and we suggest that this additional payment be continued during the remainder of the protective period. In this connection we may draw attention to the fact that in 1926 we found the fair selling price of bars Rs. 129 per ton on an output of 90,000 tons. The price included an overhead of Rs. 2 more than that on rails. Rails are more expensive products than bars and this is reflected in a difference in price of from £1 to £2 per ton. The average orders for rails in the seven years period are not likely to exceed the output for bars stated above by much more than 20,000 tons. A price of Rs. 130 per ton for rails cannot therefore be considered too high.

Amount of additional payment.

9. There remains the question of the additional price to be paid for 115 lb. rails. There is no doubt that the manufacture of these rails is more expensive than that of the standard rails produced by the Company. The production per shift of 90 lb. rails is 215 tons against that of 160 tons for 115 lb. rails. Production of 115 lb. rails in the finishing department is about 40 per cent. less than that of 90 lb. rails. Handling is more difficult in the finishing department and about 24 more men per shift are employed. Rejection of 115 lb. rails is about 12 per cent. against 10 per cent. for 90 lb. rails. Rejected 115 lb. rails are not saleable and can be used only as scrap. Credit for rejections is therefore at the scrap value of Rs. 20 per ton against Rs. 35 per ton obtained for 90 lb. rails. Owing to the larger size of the blooms used for 115 lb. rails, the percentage of wastage is higher. The Tata Iron and Steel Company have prepared for us a *pro formâ* account based on the costs of November, 1930, of the relative costs of 90 lb. and 115 lb. rails. Taking into account the various considerations referred to above, we find the cost of manufacturing 115 lb. rails is approximately Rs. 7 per ton more than that of 90 lb. rails. We understand that save in times of severe depression it is the practice in Europe and America to increase the price for 115 lb. rails by between Rs. 7

Price for 115 lb. rails.

and Rs. 10 per ton on account of the waste in conversion and the loss on defective and rejected rails. We therefore recommend that an addition of Rs. 7 per ton should be made for 115 lb. rails, the price of which would then become Rs. 137. Our recommendation is subject to the condition that this class of rails is included in the contract with the Railway Board and that all orders are placed with the Tata Iron and Steel Company. If orders were small or irregular, a higher price would be necessary.

A. E. MATHIAS,
President.

J. MATTHAI,
Member.

G. S. BOZMAN,
Secretary.

Bombay, 3rd January, 1931.

APPENDIX.

Summary of a Discussion held at Jamshedpur on 17th December, 1930.

The President wished it to be made clear at the outset that the Board considered that almost all the information required was available in the various letters and statements from the Tata Iron and Steel Company either to the Government of India or the Tariff Board and that therefore the Board did not propose to take formal evidence unless it were to be found necessary subsequently but that a summary of the present discussion would be prepared for record.

The discussion in the first place centred round the actual cost of rails at present as disclosed in the Tata Iron and Steel Company's cost sheets. It was understood that the question of overheads need not be discussed but that the examination should be confined to the works costs. The Tata Iron and Steel Company produced costs for January, 1928 and November, 1930. The costs for January, 1928, at least as far as the new rail mill was concerned, were the lowest the Company had ever shown. The works cost of rails in that mill was then as low as Rs. 68·68. It was claimed that the costs for November, 1930, were fairly representative. This showed a works cost of Rs. 76·39 on an output of 10,945 tons, consisting of 8,500 tons rails and 2,445 tons structurals. It was stated that on an average the cost of structurals was considerably higher than the cost of rails. Assuming a future output of 88,000 tons of rails based on the probable output for the year December, 1930—November, 1931, it was claimed by the Company that an average cost at the new rail mill should be taken to be Rs. 80, covering both rails and structurals, the structurals to be produced in that time on that mill being estimated at 30,000 tons per annum. The output of rails being much in excess of that of structurals the average works cost for rails should be put at about Rs. 79. The average works cost on rails that the Tariff Board estimated in 1926 was Rs. 71. The difference in output in January, 1928 and November, 1930, was approximately 7,000 tons and it was actually found in practice that this difference meant a difference in works cost of about Rs. 8 per ton. The anticipated difference in output for the coming year amounts to about the same figure and this was considered an additional reason for taking Rs. 79 as the average works cost figure for rails. The Company stated that so far they had orders for about 80,000 tons of rails for the coming year.

The discussion then turned to the question of 115 lb. rails and the reasons for their higher cost. The Company wished Government to pay Rs. 10 a ton more than for 90 lb. rails. A telegram from London was shown stating that Irma prices for 115 lb. rails were the same as for 90 lb. rails, but Mr. Peterson suggested that the British manufacturers were now so eager to secure any orders that they might possibly have averaged their prices. He quoted an estimate putting the extra cost of rolling 115 lb. rails at five to ten shillings per ton and another estimate from America putting it at three to four dollars per ton. It was then also pointed out that in the Tata Iron and Steel Company's mills they were not best equipped for dealing with 42 feet 115 lb. rails. The standard length was 36 feet and 42 feet lengths meant rolling at a reduced rate. Also the crop or amount cut from the bloom, although the same in length was actually of greater weight in a bloom of larger cross section and consequently the loss was greater. Again the number of rejections always rose for heavier rails, the inspection of rails meant for very heavy traffic being more strict. The Company stated that provided the Railway Board would guarantee to give all orders to the Tata Iron and Steel Company for 115 lb. rails, would give regular orders and would order not less than 10,000 tons a year, an extra price of between Rs. 7 and Rs. 8 for 115 lb. rails would be reasonable.

The general question was then considered in the following light, *viz.*, supposing in 1926 it had been estimated that the output of rails would be 90,000 tons instead of 195,000 tons what would have been the measure of protection suggested by the Tariff Board? The Company claimed that the total loss due to the short rail orders amounted to 67·09 lakhs, made up of 20·44 lakhs works cost and 46·65 lakhs loss on overheads and profits. It was suggested by the Company that the extra price to be claimed for rails would then have been calculated by distributing this total of 67·09 lakhs over the whole production of finished steel amounting to about 400,000 tons. It was then pointed out that some 50,000 tons should be deducted from the total production on account of tin bar the price of which was fixed by contract at the time of the enquiry in 1926 and which was excluded from the protective scheme. The incidence of 67·09 lakhs on 350,000 tons amounted to something over Rs. 19 per ton. The Company said that this method of calculation had not been adopted by them in arriving at their estimate of Rs. 20 per ton which they had asked for from the Government of India.

Evidence.

No. 260-T. (124).

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

New Delhi, the 1st December, 1930.

RESOLUTION.

TARIFFS.

Following the recommendation made by the Tariff Board in their Report of 1926 on the Continuance of Protection to the Steel Industry that the Railway Administrations should arrange to purchase the whole of their requirements of rails in India, so far as they can be produced in the country, a contract was made with the Tata Iron and Steel Company, Limited, under which the Government of India agreed, subject to certain conditions specified in the contract, to purchase rails from the Company at the rate of Rs. 110 per ton for a period of seven years beginning on the 1st April, 1927. In September, 1930 the Government of India agreed on certain conditions to an extra payment of Rs. 20 on each ton of rails ordered from the Tata Iron and Steel Company under the contract mentioned above for the year 1930-31. This additional payment was made as an act of grace on the ground that the annual quantity of rails taken by Government had on the average fallen considerably below the estimate upon which the scheme of protection to the iron and steel industry formulated by the Tariff Board in 1926 and embodied in the Steel Protection Act of 1927 was based, regard being had in particular to the views expressed by the Tariff Board in para. 109 of their Report. In view of this curtailment in their orders for rails since the contract was made and of the probability that the quantity of rails to be ordered during the remaining years of the contract will continue to fall considerably short of the original estimate, the Government of India, are prepared to consider whether until the period covered by the contract terminates an additional payment per ton of rails should not be made to the Iron and Steel Company, and they have decided to refer the matter to the Tariff Board for enquiry and report.

2. The Tariff Board are accordingly directed to report, after such enquiry as they may consider necessary, whether in all the circumstances of the case an additional payment should be made to the Tata Iron and Steel Company in respect of the orders for rails placed under the contract in future and, if such additional payment is recommended, how the amount should be determined. Since the contract was made orders have also been placed with the Company for 115 lb. rails which are not covered by the terms of the original contract and the Tariff Board should also consider

what additional payment (if any) should be made in respect of them. The Government of India do not anticipate that it will be necessary for the Tariff Board to take evidence except from the Tata Iron and Steel Company and the Railway Board. They hope that the Tariff Board may find it possible to submit their recommendations by the 7th January 1931.

ORDER.—Ordered that a copy of the above Resolution be communicated to all Local Governments and Administrations, all Departments of the Government of India, the Central Board of Revenue, the Director General of Commercial Intelligence and Statistics, the Indian Trade Commissioner, London, the Secretary, Tariff Board, His Majesty's Trade Commissioner in India, all Chambers of Commerce, the Canadian Government Trade Commissioner in India and the Secretary, Imperial Council of Agricultural Research.

Ordered also that it be published in the *Gazette of India*.

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Press communique issued by the Tariff Board on the 4th December 1930.

Under Commerce Department Resolution No. 260-T. (124), dated 1st December, 1930, the Government of India have referred to the Tariff Board for report the question whether an additional payment should not in future be made to the Tata Iron and Steel Company, Limited, for steel rails purchased by the Government of India under the existing contract. It is announced for information that the Board will conduct the enquiry at Jamshedpur from the 19th to 23rd December.

The Tata Iron and Steel Company, Limited.

(1) *Letter dated the 16th December, 1930.*

We desire to submit the following representation in connection with the enquiry to be held by the Tariff Board as to the additional payment to be made to this company in respect of the orders for rails placed under the contract for the supply of rails to the Indian Railways.

We attach to this letter a copy of our original representation to Government, dated the 14th August, 1930. We understand that it is upon this representation that the Government of India have ordered the present enquiry by the Tariff Board. Two questions have been defined in the reference to the Tariff Board; firstly, whether in all circumstances of the case, additional payments should be made to this Company in respect of orders for rails placed under the contract from the 1st of April, 1931, and, secondly, if such additional payments be recommended, how they should be determined.

We have little to add to the facts stated in our representation above referred to. Since that letter was written, circumstances have changed for the worse and we are now informed that the Government orders for rails for the next year will in all probability not exceed 90,000 tons. The letter of the 14th August has assumed a minimum figure of 100,000 tons, but we submit that the further reduction now expected should also be taken into account. In order that the Tariff Board may understand the effect of this reduction on the profits of the Company both in actual loss of profit as a result of the lower production and in increased works costs of manufacture, we have prepared *pro forma* cost sheets* in two forms:—

(*a*) Showing the difference in the works cost of steel ingots, blooms and rails for a production of 7,638 tons per month (90,000 tons per year) on the new rail mill as compared with the actual cost of rolling 17,638 tons per month, the actuals taken being our cost for January, 1928, which is the lowest cost recorded by the Company. In January, 1928, no structural was rolled in this mill. And in estimating the costs per ton of lower production we have also not allowed for structural so that the comparison may be more accurate and may show exactly where the increase comes.

(*b*) A similar cost sheet comparing the estimated cost of rolling 19,000 tons per month as compared with the actual cost of rolling, 10,945 tons per month of which 2,500 tons are structural, the actual costs taken being for the last month's rolling, namely, November of this year.

In preparing these cost sheets we have estimated higher or lower costs, as the case may be, in respect of all services supplied, labour, etc., in order to set out the cost sheets. It is of course not possible to prepare these estimates with extreme accuracy, but we think the figures will give a fair idea of the difference in cost involved by the lower rolling. In the first case the additional cost of rails only is shown as about Rs. 11 per ton; in the second case the difference is shown as about Rs. 6 per ton. The difference between the two actuals, that is, between a rolling of 18,000 and 11,000 tons is, as will be seen from the actual cost sheets for January, 1928, and November, 1930, about Rs. 8 per ton. We suggest that all the indications show that this will be a fair figure to take and we therefore submit that the additional cost of rolling 11,000 tons, of which about 8,500 tons will be rails, as compared with 18,000 tons should be put at Rs. 8 per ton so far as rails are concerned. A similar calculation for fishplates as between 7,000 tons as estimated in the Report of 1926 and 3,000 tons now required gives an extra cost of about Rs. 12 per ton on fishplates.

* Not printed.

There are, however, further additional costs to be considered which result from the reduction in the steel output and the reduction in the blooming mill rolling consequent on the reduction in rail orders. Calculating in the same way we arrive at a composite figure of Rs. 4 per ton on the cost of blooms. This cost will affect the whole of the production of the Works in the mills.

The additional cost throughout the whole of the Plant, taking the actual production for November, 1930, which was 35,216 tons of finished steel, will therefore be as follows. From this production we have deducted 6,500 tons on account of rails (80,000 tons a year).

	Rs. in lacs.
Additional cost on rails Rs. 8 per ton on 80,000 tons of rails per annum	6·40
Additional cost on fishplates Rs. 12 per ton on 3,000 tons per annum	·36
Additional cost on blooms on the balance of the production Rs. 4 per ton on 342,000 tons of finished steel	13·68
Total additional cost	20·44

Further, if all the circumstances be considered, the present low prices realised for other steel, whether for structural or plates or black sheets, will have to be taken into account. We attach a Statement showing the latest c.i.f. prices recorded and we consider that these prices represent prices f.o.r. Works of Rs. 110 for bars, Rs. 111 for plates, Rs. 110 for structural sections and Rs. 144 for black sheets. Assuming that those prices continue, the difference to the Company as compared with the prices taken in 1926 in the Tariff Board calculations will be about Rs. 32 lacs a year. We do not, however, suggest that the Tariff Board should enquire in more detail into this matter if they are satisfied that there is a considerable difference between the prices taken in their report and the prices which are now being realised by the Company as we have under consideration the question of making a further representation to the Government of India on this account.

On the credit side must be taken any reduction in costs due to the lower price of coal. In the Tariff Board Report of 1926, coal is taken at Rs. 8 per ton landed f.o.r. Works. The present price is Rs. 5-8 per ton. There is therefore a saving of Rs. 2-8 per ton of coal. On the total production of say 425,000 tons the reduction in costs on this account would be about 37·19 lacs.

The total result of these calculations can therefore now be set out as follows:—

Debit.	Rs. in lacs.	*Credit.*	Rs. in lacs.
Additional cost on rails . .	6·40	Reduced price of coal . .	37·19
Additional cost on fishplates .	0·36		
Additional cost on blooms .	13·68		
Loss on price of all finished steel	32·00		
	52·44		
Total Loss	15·25		

We suggest therefore that the loss on other prices should be set off against the gain on the price of coal, and that other factors should be dis-

regarded. This leaves the additional costs resulting from the low rail orders at Rs. 20·44 lacs.

We submit that the Tariff Board must further consider the actual loss of overhead and profit resulting from the reduction of our production. This is a direct loss and can be calculated with great accuracy. It is not possible for us to roll this steel into any other product and sell it, nor is it possible for us to make and sell the additional pig iron that might result from this quantity of steel being set free. The result, therefore, is that we lose entirely the overhead and profit on the difference between 195,000 tons of rails and the quantity which may be ordered in any year by Government. Assuming the figure for next year of 80,000 tons, the difference will be of 115,000 tons. The overhead on rails assumed by the Tariff Board in their report of 1926 is Rs. 39 per ton. This differs very little from the figure of total overhead and profit to be earned by all steel which is put at Rs. 38·9. The direct loss of profit, therefore, to the Company as compared with the production originally contemplated in the Tariff Board Report is Rs. 39 per ton on 115,000 tons. This figure amounts to Rs. 44·85 lacs. The similar figure for fishplates would be Rs. 1·80 lacs.

In our view, therefore, the total difference between the production originally recommended by the Tariff Board in their Reports which were accepted by the Government and the Assembly and the present state of affairs which contemplates maximum orders of 80,000 tons of rails and 3,000 tons of fishplates is Rs. 46·65 lacs on account of overhead and profit and Rs. 20·44 lacs on account of increased cost, making a total of Rs. 67·09 lacs. In this calculation we have not taken into account any loss on account of lower prices on other products as we think that for the purposes of this enquiry such loss may be fairly set off against the credit on account of the lower cost of coal. If the original intention of the Tariff Board is to be maintained, this figure should in some way or other be made good to the industry as otherwise protection must be inadequate. We may add that from all points of view we would very much prefer to have the orders rather than an additional price. The reduction of production has far reaching effects on the success of the industry and may have grave consequences that we cannot now estimate. One of our chief anxieties in designing and erecting these Steel Works which will, we believe, be of inestimable benefit to the country, both from the military and industrial point of view, was to avoid the danger of over-production, and in our calculations we have always estimated for a minimum demand of 150,000 tons of rails in India. We believe that the demand actually exists and that the present reduction in it is due to financial considerations. We would be quite prepared to come to any suitable financial arrangement with the Government of India that would assist us in obtaining an order for this quantity or orders for other material, such as sleepers, which might enable us to maintain the steel production of our furnaces and our Blooming Mill at the highest possible capacity. We are afraid, however, that there is no prospect of any such proposal being accepted at present.

Enclosure No. 1.

Letter No. G-1092/30, dated the 12th/14th August, 1930, from the Tata Iron and Steel Co., Ltd., Bombay, to the Hon'ble Member for Commerce and Railways, Government of India, Simla.

We wish to lay before you the following statement of the position of the Tata Iron and Steel Company arising from the shortage of orders for rails and to request your careful consideration of the important issues involved.

2. In their report, dated the 14th December, 1926, the Tariff Board estimated tha tthe Steel Company would, during the seven years, 1st April, 1927 to 31st March, 1934, receive orders for rails to an extent averaging 195,000 tons per year. This was so much the largest item of the production

estimated that the whole scheme for protection hinged very largely on the orders for rails. As against the above estimate, the orders which have been placed with the Steel Company for rails have been as follows :—

	Tons.
1927-28	183,267
1928-29	131,203
1929-30	120,679
1930-31	83,496

The above figures include all orders received for first class rails from all railways, engineering firms, etc., in India and no deduction has been made for rails which in 1928-29, we agreed might be removed from our original order as a result of the labour troubles at Jamshedpur.

3. It will be seen that the orders fall so far short of the estimate of the Tariff Board as very seriously to affect the adequacy of the scheme of protection. You will probably agree that there is no reason to believe that the orders to be placed during the remaining three years of the protection scheme will bring the average for the seven years even reasonably near the estimated average of 195,000 tons. We wish to call special attention (*a*) to the statement towards the end of paragraph 109 of the Tariff Board's Report that "a reduction in the orders of rails by some 40,000 or 50,000 tons would raise the cost of production by several rupees", and (*b*) to the opinion expressed by the Railway Board in their letter of 25th September 1926, to the Tariff Board (page 2 of volume V of Report of Statutory Enquiry—1926) that "it would not be unreasonable for the Tariff Board to assume for their purposes that about 200,000 tons of rails will be required by Railways in India annually during the next five years". While we realise that the above opinion was qualified by reservations, the departure from the expectations based on it by the Tariff Board and the Steel Company has been so great as to create an entirely new position.

4. It was within the knowledge of the Tariff Board, when they made their recommendations, that we should not, at any rate during the first few years of the scheme, be in a position to make good any shortage in rail manufacture by rolling other material. This arises from the nature of our equipment and although we hope that from about the middle of next year we may be in a position to roll larger quantities of structural sections on our rail mill, we shall still continue to be seriously handicapped unless we receive orders for nearly 200,000 tons of rails. No increase of production during the remaining period of protection will of itself be able to make good the serious failure of the first four years.

5. In those circumstances, we regret that we are compelled to request the Railway Department—

(*a*) to place with us immediately additional orders for rails for delivery during the year ending 31st March 1931 and to arrange that the orders for 1931-32 shall be not less than 200,000 tons; and

(*b*) to agree to a revision of the seven years contract for rails dated the 16th October, 1928.

We deal with these two points in more detail below.

6. The manufacture of all the rails for which we have up to the present received orders for the year 1930-31 will be finished during next month. It will be impossible, during the remainder of the year, to roll any substantial quantity of other sections on this mill. It will further be impossible for the Company to occupy this mill fully on the manufacture of rails for stock to be supplied against the orders for 1931-32, as we have not the physical capacity for stocking six months' normal output of rails. Such a procedure would in any event involve us in a heavy burden by locking up much capital and would only accentuate the difficulty during 1931-32 if the orders for that year did not exceed 200,000 tons. We, therefore, request that orders be

given to the Steel Company, at a very early date, for the supply of at least an additional 50,000 tons of rails during the current year and, later in the year, for not less than 200,000 tons for supply during 1931-32.

7. The essential terms of the present rail contract were laid down at a time and in circumstances which left us with no practical alternative but to accept them in the hope that our expectation of receiving orders for about 200,000 tons a year would be fulfilled, at any rate, to a reasonable extent. All our requests for flexibility in the important terms of the contract which might have benefited us were declined and we trust that, in view of the figures given above, you will agree that we have shown our willingness to adhere to the contract as long as was possible by deferring any application for its modification until the present time. We think that in view of the low demand for rails in the past and of the uncertainty of the future demand the Railway Board should agree that the prices payable for the rails should vary with the quantity ordered. So far as we are able to ascertain, the price of imported rails landed at an Indian port would, in normal conditions, be about Rs. 130 per ton. We think it reasonable that this price should be paid for rails ordered from the Steel Company if the total orders received by the Company in one year do not exceed 120,000 tons. In the ascertainment of the quantity ordered from the Steel Company we should include all first class rails ordered by railways other than those who are parties to our contracts with the railways. We should be prepared to accept the contract price of Rs. 110 per ton if our total orders exceeded 180,000 tons, and we suggest that, for intermediate quantities, the prices should be as indicated in the table below:—

Total orders booked in one year.	Price per ton.
Exceeding 180,000 tons	110
Exceeding 160,000 tons but not exceeding 180,000 tons	115
Exceeding 140,000 tons but not exceeding 160,000 tons	120
Exceeding 120,000 tons but not exceeding 140,000 tons	125
Not exceeding 120,000 tons	130

8. You will realise that the shortage of rail orders has also involved a shortage of orders for fishplates. As the quantities concerned are so much smaller, we do not propose to burden this letter with the figures, but you will realise that even a small falling off in the Company's earnings is of importance in the present circumstances. The Railways have also failed to come up to the Tariff Board's expectation in the matter of orders for steel sleepers which the Tariff Board anticipated would average 15,000 tons during the seven years, 1927-1934. Although we have approached all the Railways on the matter, the orders which we have been able to obtain have been as follows:—

	Tons.
1927-28	5,000
1928-29	*Nil.*
1929-30	8,189
1930-31	*Nil.*

The result is that although we are in a position to make 20,000 tons of sleepers per year, our sleeper plant is now out of operation; nor are we in a position, in the present state of the market, to roll into other products the steel which we could convert into sleepers if orders were forthcoming.

9. We wish to emphasize the gravity of the position in which the Steel Company finds itself as a result of the breakdown of the scheme of protection. This breakdown is not confined to the items mentioned above. The present import prices of some of the other kinds of steel are substantially below those on which the import duties were based. In addition, the proportion of our steel which we have had to sell as non-standard steel, instead of as standard steel, is higher than was assumed by the Tariff Board and, further, the fall in

demand during the last year or two in some of the up-country markets has seriously reduced the Company's freight advantage below the figures which, so far as we can ascertain, were assumed by the Tariff Board.

10. In the course of the enquiry we asked the Tariff Board to make adequate allowance for the risk, which we considered might be serious, of labour troubles consequent upon an attempt to achieve the reduction in the number of workmen at Jamshedpur which was pressed upon us by the Board. It is within your knowledge that the fears which we expressed proved to be only too well founded and we need not elaborate the statement that the failure of the Tariff Board to make any allowance for this contingency has added very seriously to the Steel Company's difficulties.

11. As a result of the inadequacy of the scheme of protection in the directions indicated above, not only has our present position become most serious but also we have not, during the last three years, been able, nor do we see any near prospect of being able, to make that provision for future development by way of adequate improvement of our plant at Jamshedpur, on which all hopes of ultimately dispensing with protection rest. We have not been able to finance the New Development Programme to the extent which we anticipated and which was desirable for the future stability and the prosperity of the industry, nor do we see any early prospect of resuming our programme on an adequate scale so long as the results fall so far short of those which the Tariff Board, Government and the legislature agreed were necessary for proper progress.

12. The failure, in actual practice, of the protection scheme to make adequate provision for the development of the Steel Company's plant has been accompanied by its even more conspicuous failure to provide for such a return on the capital invested in the Company as the shareholders are entitled to expect and as the scheme was intended to yield. The result is that the shareholders have to continue carrying an undue burden, in the form of unremunerative capital, in order to keep the industry alive and that the credit of the Company is weakened. And, what is of no less importance in the national interest, no progress has been made in the direction of encouraging the growth of the industry by the establishment of additional steelworks in India. The inadequacy of protection, since its inception in 1924, is best illustrated by the following figures of the total depreciation which the Company has been able to set aside and the dividends which it has been able to pay, compared with those aimed at by the 1924-27 schemes and by that now current.

	Depreciation.		Dividends.	
	Calculated by Tariff Board.	Actually set aside.	Calculated by Tariff Board.	Actually paid.
	Rs.	Rs.	Rs.	Rs.
1924-27 . .	281	199	255	76·9 lakhs.
1927-29 . .	156	95	170	56·5 lakhs.
Total for five years	437	294	425	133·4 lakhs.

The dividends " calculated by the Tariff Board " are taken at 8 per cent. on the Company's actual capital of approximately Rs. 10¼ crores in Preference, Ordinary and Deferred Shares. It will be seen that the shortfall in distribution of dividends has been very much greater than that in the allotment of depreciation, but that even if no dividends whatever had been paid for the five years and the money had been allotted to depreciation, the Company would not have been able to provide the amount for depreciation which was suggested in the Tariff Board Reports.

13. Unless, therefore, Government finds itself able to give us immediate relief in the directions indicated in the earlier part of this letter, we fear that we shall have no alternative but immediately to request Government to grant

additional protection either generally or by the exercise of the powers granted to the Governor General in Council in Clause 2 of Act No. III of 1927. We may indeed, in any event, find ourselves compelled to make such an application, but realising the undesirability of any avoidable disturbance of trade conditions we wish first to utilise every other method of improving our position with the object of keeping to a minimum any additions to the protective import duties for which we may have to apply.

14. In view of the importance and urgency of our request, we shall esteem it a favour if you will kindly grant us an opportunity of discussing the matter verbally with you at an early date. We shall be glad to be informed by telegram of a date which will be convenient to you.

Enclosure No. 2.

C. i. f. prices of Steel Materials for the years 1927-28, 1928-29, 1929-30 and 1930-31 (April to September) and November and December as compared with the c. i. f. prices taken by the Tariff Board.

	Tariff Board prices January to April 1926.		1927-28.		1928-29.		1929-30.		1930-31. April to September.		November 1930.		December 1930.	
	British.	Continental.	British.	Continental.	British.	Continental.	British.	Continental.	British.	Continental.	British.	Continental.	British.	Continental.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Beams . . .	7 7 0	5 16 0	8 13 4	5 17 0	8 6 4	6 8 0	8 5 10	6 4 0	8 7 6	5 16 2	8 6 0	4 15 0	8 6 0	5 0 0
Bars . . .	7 13 0	6 3 0	8 16 2	6 0 0	8 8 7	7 0 0	8 11 9	6 9 0	7 19 6	5 14 9	7 10 0	4 15 0	7 10 0	5 4 0
Plates . . .	8 4 0	6 9 0	8 19 8	7 4 0	8 16 4	7 9 0	8 15 5	7 6 0	8 16 8	6 15 6	8 14 0	5 12 6	8 14 0	5 17 6
Black Sheets . .	11 0 6	8 14 0	10 15 4	7 10 0	10 6 4	7 14 9	9 16 2	7 9 4	9 10 8	6 16 3	9 4 0	5 12 6	9 4 0	6 0 0
Galvanised Sheets .	17 11 9	..	..	...	..	..	..	...	...	...	...	..	..	..
(*a*) G. C. Sheets .	..	..	15 5 3	..	14 15 0	..	14 2 5	14 8 4	13 4 2	12 9 11	11 15 0	12 0 0	11 15 0	12 0 0
(*b*) G. P. Sheets .	..	..	15 15 1	..	15 5 0	..	14 12 5	14 18 4	13 14 2	12 19 11	12 5 0	12 10 0	12 5 0	12 10 0

N.B.—Prices of Black Sheets for 1927-28, 1928-29, 1929-30, 1930-31 (April to September) and November and December are for sheets ⅛" thick.

(2) *Letter dated the 16th December, 1930, from the Tata Iron and Steel Co., Ld.*

As requested by the Tariff Board, we attach statements showing the additional cost of rolling 115-lb. rails as compared with 90-lb. rails.

We have prepared a *pro forma* cost sheet on account of 115-lb. rail and we attach documents explaining how the cost sheet has been prepared. The additional costs result largely from the higher rejections experienced with the heavier rail, the lower production per shift and the additional cost in handling and finishing the heavier rail.

We also enclose a copy of a letter* from Sir Wm. Peat, C.V.O., Vice-President of National Federation of Iron and Steel Manufacturers, stating the practice in England with regard to 115-lb. rails and further copies of telegrams* received from Mr. Alexander from America giving information as to the American practice. Our own conclusion from all this information is that the additional cost of rolling a 115-lb rail as compared with 90-lb rail may be fairly taken as about Rs. 10 per ton and that this would be a fair addition to the price. The cost we have given is for the best month that we have so far had and would probably not be obtained on an average over the entire year.

We also enclose, for the information of the Board, copy of telegram* received from London on the 12th December last stating the prices at present prevailing for rails in Europe. It will be seen that the IRMA price for India for basic Open Hearth rails has been fixed at £7-7-6 which, at the Exchange of 1*s.* 6*d.*, is equivalent to Rs. 98-5-4 f.o.b. European Port. Adding £1 as freight and Rs. 13 as duty *plus* Rs. 2-12 for landing charges, the price of rails landed would be approximately Rs. 127-6-8.

Please let us know if any further information is required on these points.

Enclosure No. 1.

Production of 90-lb. rails.

Month.	Total Tons.	No of Shifts.	Output per Shift.
April 1930 . . .	12,206	66	184·94
May 1930 . . .	5,397	20	269·85
June 1930 . . .	13,636	66	206·61
July 1930 . . .	6,035	30	201·11
August 1930 . . .	3,191	19	167·95
September 1930 . .	1,538	8	192·25
October 1930 . . .	12,274	54	227·30
November 1930 . .	8,116	26	312·15
Total .	62,393	289	215·89

* Not printed.

Enclosure No. 2.

Production of 115-lb. rails.

Month.	Total weight rolled.	No of Shifts.
	Tons.	
September 1929	2,815·20	18·10
October 1929	8,522·80	48·00
February 1930	1,453·60	10·50
May 1930	3,074·50	17·00
July 1930	3,197·95	21·00
August 1930	5,977·20	41·75
Total .	25,041·25	156·35

Output per Shift—*160·15* tons.

Enclosure No. 3.

Explanatory notes on 115-lb. Rail Cost Sheet.

1. Production per shift of 90-lb. rails is 215 tons and that of 115-lb. rails is 160 tons, that is the production of 115-lb. rails is about 25 per cent. less. Therefore all the costs of 90-lb. rails except metal and finishing costs have been increased by 25 per cent. to make them correspond to 115-lb. rails.

We cannot deal with 115-lb. rails in 42′ 0″ lengths as expeditiously as we can with our standard length of 36′ 0″ and must in consequence roll at a reduced rate.

Production of 115-lb. rails in the finishing department is about 40 per cent. less than 90-lb. rails. Therefore the finishing cost has been increased by 40 per cent. Handling of 115-lb rails in the finishing department being considerably more difficult, extra men, about 24 men per shift, are required. The cost per shift comes to Rs. 18 which comes to about Rs. 9 for 77 tons production assumed in the Cost Sheet. This is also added to the finishing cost.

2. Rejection of 90-lb. rails is 10 per cent as against 12 per cent of the 115-lb. rails due to heavier section and higher carbon content.

Credit for rejected rails for 90-lb. rails has been taken at Rs. 35 per ton. For 115-lb. rails the credit is reduced to Rs. 20 per ton because the 115-lb. rejected rails are not saleable.

3. The net yield 115-lb. rails from ingots is lower than 90-lb. because the same length of crop must be taken from the bloom and as the bloom size is larger for 115-lb. than for 90-lb. the percentage of waste is correspondingly high.

Enclosure No. 4.

90-lb. and 115-lb. Rails rolled at new Rail Mill.

(Worked out on the basis of November 1930 Costs.)

	Per Shift.		Yield.
	Tons.	Working Cost.	%
90-lb.	215		80·00
115-lb.	160		77·00

Accounts.	Items.	Tons.		Price.	Rails. Cost per Ton.	
					90-lb.	115-lb.
					Rs.	Rs.
L.	Steel Blooms used	..		53 9 1	66·96	69·57
	Total Gross Metal Charged	90 lbs.	115 lbs.	..	..	..
		Tons.	Tons.			
L	Less Scrap Produced: — Furnace and Pit					
	Cinder . tons @ 50%	7	8	20 0 0	1·75	2·08
	Steel Scale . tons @ 70%	..	..	..	..	..
	2nd Class Rails . . .	10	..	35 0 0	4·38	..
	„ „ „ . .	..	12	20 0 0	..	3·12
	Less Total Scrap Produced	..		..	6·13	5·20
	Total Net Metal Charged	..		..	60·83	64·37
Exhibit D	Fuel: Producer Gas . tons	..		..	..	..
	Gas from Wilputte Ovens . . .	..		..	·29	·36
	Fuel Oil . . .	..		..	..	..
	Coal Tar . . .	..		..	·56	·70
	Total Fuel .	..		..	·85	1·06
	Producing Labour:—					
(a)	Superintendent, Foreman, Clerks and Time-keepers	..		..	·50	·63
(b)	Charging and Heating .	..		..	·17	·21
(c)	Rolling, Sheering and Sawing . . .	..		..	·80	1·00
(d)	Finishing . . .	..		..	1·18	1·75
(e)	All other Producing Labour . . .	..		..	·12	·15
(f)	Stocking and Shipping .	..		..	·58	·72
	Total Producing Labour	..		..	3·35	4·46

Accounts.	Items.	Tons.	Price.	Rails. Cost per Ton. 90-lb.	115-lb.
				Rs.	Rs.
	Brought forward .	..	..	3·35	4·46
(h & i)	Labour in Repairs and Maintenance . .	..	..	1·55	1·94
	Total Labour .	..	..	4·90	6·40
(h & i)	Materials in Repairs and Maintenance . .	..	..	1·77	2·21
(i)	Lubricants . . .	..	..	·09	·11
(k)	Tools and Miscellaneous Supplies . . .	..	..	·39	·49
Exhibit A	Steam	..	..	·24	·30
„ B	Water	..	..	·11	·14
„ C	Electric Power and Light . . K. W. H.	..	..	1·25	1·56
„ E	Yard Switching . .	..	..	·30	·38
„ F	Laboratory Expense .	..	..	·17	·21
„ G	General Works Expense .	..	..	1·22	1·53
„ H	Stable and Auto, Expense	..	..	·04	·05
„ I	Shop Expense . .	..	..	·27	·34
	Contingent Fund, General .	..	..	..	..
	Contingent Fund, For Employees.	..	..	·52	·65
	Provision for Rolls .	..	..	3·00	3·00
	Inspection Charges .	..	..	..	..
	Total Supplies and General Expenses .	..	..	9·37	10·97
	Total Cost above Net Metal . . .	..	..	15·12	18·43
	Total Works Cost .	..	..	75·95	82·80

Railway Board.

(1) *Letter No. 985, dated 29th November, 1930 from the Tariff Board to the Railway Board, New Delhi.*

I am directed to state that this Board understands that the question of the price which should be paid by the Government of India for steel rails supplied by the Tata Iron and Steel Company is likely to be referred to it very shortly for enquiry and that an early report will be particularly requested. The Board will visit Jamshedpur and take the evidence of the Tata Iron and Steel Company about the 18th December and I am to say that if, on the publication of the resolution by the Commerce Department, the Railway Board desires to make any representation on the subject the Board would be glad to receive it not later than the 12th December.

2. I am to add that should the Board require any oral evidence from the Railway Board a date will be fixed later by wire for an examination at Jamshedpur, probably on the 21st or 22nd December. In the meantime the Board would be grateful if the Railway Board could kindly supply a copy of the contract between the Government of India and the Tata Iron and Steel Company regarding the supply of rails.

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(2) *Letter No. 2755-S, dated the 1st December, 1930, from the Railway Board, to the Tariff Board.*

In reply to your letter No. 985 of the 29th November, 1930, I am directed to say that the Railway Board do not desire to make any written representation on the question of the price to be paid by the Government of India for steel rails supplied by the Tata Iron and Steel Company.

Their other engagements do not permit either the Chief or the Financial Commissioner of Railways to give any oral evidence that may be required by the Tariff Board on Sunday the 21st December. I am to request that, should the Tariff Board require oral evidence from them, they may be consulted as to the date as soon as possible.

2. A copy of the seven years agreement* for rails and correspondence* of a further agreement relating to 115-lb. rails is enclosed.

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(3) *Letter No. 1024, dated the 11th December, 1930, from the Tariff Board, to the Railway Board, New Delhi.*

I am directed to refer to Government of India, Commerce Department's Resolution No. 260-T. (12), dated the 1st December, 1930, and to say that the Board would be glad to know whether the Railway Board could furnish it with an estimate of the orders for rails likely to be placed during the remaining years of the existing protective period. The Board realises that no figures will be available which can be taken as final but would be glad of the Railway Board's assistance if possible in forming an approximate estimate.

I am also to enquire whether the Railway Board can furnish this Board with any information regarding the normal difference in price in European countries between 90-lb. rails and 115-lb. rails.

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* Not printed.

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